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Contract No. _____

Health Benefits Contract

between

_____ and the

United States Civil Service Commission

In consideration of the mutual agreements of the _____

_____ (herein called the Carrier) and the United States Civil Service Commission, (herein called the Commission) and in consideration of the payment of subscription charges as provided by this contract, the Carrier and the Commission agree as follows:

1. The provisions of Public Law 86-382, of part 89 of Title 5 of the Code of Federal Regulations, of Appendix A to this contract, setting forth the health benefits provided by this contract, of Appendix B to this contract, stating the accounting procedures and prescribing reports, and of Appendix C to this contract, stating the statistical recording and reporting requirements, constitute a part of this contract as if fully set forth herein.

2. The Carrier agrees to provide health benefits, as set out in the health benefits plan attached hereto as Appendix A, to employees and annuitants, and eligible members of their families, enrolled for this plan in accordance with the Commission's regulations.

3. The Carrier agrees to issue to each employee and annuitant enrolled in its plan, in a form to be approved by the Commission, evidence of enrollment

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which will constitute the summary of rights and benefits to which the employee or annuitant is entitled. The Carrier also agrees to issue an Identification Card to each enrolled employee and annuitant.

4. The Carrier agrees, subject to adjustment for error or fraud, to accept from the Commission, in payment of its subscription charges under this contract for all employees and annuitants and members of their families enrolled in the plan described in Appendix A, the enrollment charges received by the Employees Health Benefits Fund less the amounts set aside by the Commission for administrative and contingency reserves.

5. The Carrier agrees not to conduct any advertising with respect to the plan described in Appendix A or to its participation in the Federal Employees Health Benefits Program, nor to solicit enrollment of employees under the Program, without prior approval of the Commission.

6. The Carrier agrees to notify the Commission in advance of any proposed changes in the conversion plan on file with the Commission, including changes in the rates and terms of payment, and, unless such changes are earlier disapproved by the Commission, they shall become effective on the date fixed by the Carrier, or sixty (60) calendar days after receipt in the Commission of the notice of proposed changes, whichever is later.

7. The Carrier agrees that it shall promptly return to the employing office each Health Benefits Registration Form received by it bearing the name of a registrant who on the effective date of his enrollment is not a member of its employee organization, marked "non-member."

8. The Carrier agrees to notify the Commission of any changes in its charter, constitution, or by-laws.

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9. The Carrier agrees to permit the Commission and representatives of the General Accounting Office to examine such records of the Carrier as may be necessary to carry out the purposes of the Act. The Carrier agrees to preserve records relating to a contract period for three years after the close of the contract period to which the records relate.

10. The Commission agrees to provide for the printing and distribution of brochures describing the Carrier's plan to employees who are, or who become, members of the sponsoring employee organization.

11. The Carrier agrees to provide a written notice of termination to each employee or annuitant whose enrollment in its plan is to be terminated because he is no longer a member of the sponsoring employee organization, with a copy to his employing office. The termination shall become effective at the end of the pay period in which the notice is received by the employing office, subject to the temporary extension of coverage for conversion as provided by section 89.8 of Title 5 of the Code of Federal Regulations.

12. The Carrier agrees that members of the sponsoring employee organization who become annuitants may retain their membership in the organization and may participate in the Carrier's health benefit plan. The Carrier further agrees that survivor annuitants of members enrolled in its health benefit plan may continue their enrollment in the Carrier's health benefit plan without becoming members of the sponsoring employee organization.

13. The Commission agrees that if it changes its regulations published under Part 89 of Title 5 of the Code of Federal Regulations in a manner which would increase the Carrier's liability under this contract, the change will be

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made effective for a contract period subsequent to the period in which the amendment to the regulations is published, unless the Carrier agrees to an earlier date.

This contract shall remain in force from July 1, 1960, to October 31, 1961, inclusive. Thereafter it shall be automatically renewed annually unless terminated by written notice given by the Commission or the Carrier not less than sixty (60) calendar days before the renewal date, or unless modified by mutual agreement. This contract may be terminated by order of the Commission pursuant to section 89.14 of Title 5 of the Code of Federal Regulations.

Executed at _____, this _____
day of _____, 1960.

(Name)

(Title)

for _____

Accepted at Washington, D. C., this _____ day of _____, 1960.

United States Civil Service Commission

By: _____
Andrew E. Ruddock
Director of the Bureau of
Retirement and Insurance.

APPENDIX B

ACCOUNTING AND REPORTING

A. Annual Accounting.

The Carrier agrees to maintain financial records under generally acceptable accounting principles and, not later than ninety days after the end of each contract period, to furnish to the Commission a statement with respect to its plan and each option within the plan, in the form approved by the Commission, setting forth the following items:

- (1) The amount of subscription charges actually accrued under the terms of APPENDIX A of this contract for such contract period.
- (2) The amount of claims incurred under this contract for such period.
- (3) The amount of expenses and risk charges incurred under this contract for such contract period.
- (4) The algebraic sum of items (1) minus (2) minus (3).

B. Special Reserve.

At the same time as the statement is furnished, the Carrier agrees to furnish the Commission a cumulative statement of the status of the Special Reserve, showing at the end of each contract period the algebraic sum of the amounts shown in Item (4) of the statement above for the contract periods from the effective date of this contract to the end of the contract period for which the statement is furnished reduced algebraically by the amounts of any subscription charges returned to the Commission in accordance with this section. If positive, the net amount shown in the statements will constitute the Special Reserve held by the Carrier to be used for charges under this contract only.

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The Special Reserve shall be credited with income derived from investments of the Special Reserve Funds.

If the Special Reserve attains an amount which exceeds the latest three calendar month subscription charges paid on a cash basis from the Fund for the contract period covered by the statement, the excess thus determined shall be paid to the Commission for credit to the contingency reserve for this plan.

If and when this contract shall be discontinued, and if after all charges accrued hereunder have been made and all subscription charges have been received, there is a positive balance remaining in the Special Reserve, such balance shall be paid to the Commission for credit to the Fund, subject to the right of the Carrier to make the return in equal monthly installments over a period of not more than two years.

C. Claims Charges.

In determining the aggregate amount of claims charges for Item (2) above, there shall be included all payments made for claims approved by the Carrier in good faith, and the accrued amount of claims pending and unreported at the end of the contract period for which the statement is made.

D. Expenses and Risk Charges.

The amount of expenses and risk charges to be included in Item (3) above shall be as set out in the schedule below. The "Administrative Charges" allocated to this contract shall be the actual, necessary accrued expenses determined on an equitable and reasonable basis, with proper justification and accounting support. On the basis of audit, these charges will be subject to adjustment as agreed upon by the Carrier and the Commission. Such Schedule shall be applicable to the first contract period and shall be continued for

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subsequent contract periods except that it may be changed by the Carrier (on its own initiative or at the request of the Commission) for any contract period by agreement with the Commission.

Schedule

<u>Item</u>	<u>Amount</u>
(a) Expense Charges	
(i) Administrative Charges, Organization	The actual accrued amount but not in excess of _____% of total subscription charges
(ii) Administrative Charges, Underwriter	The actual accrued amount but not in excess of _____% of total subscription charges
(iii) Taxes	The actual accrued amount
(b) Risk Charges	_____ % of total subscription charges

"Administrative Charges" means the amount of expenses incurred in connection with the administration of this contract, including, but not limited to, the cost of certification of coverage under this contract, the cost of investigation and settlement of claims under this contract, and the cost of making accounting and statistical analyses under this contract. "Taxes," if applicable, means all governmental fees and taxes which are directly attributable to this contract.

E. Interim Accounting.

The Carrier agrees to furnish upon request of the Commission such other reasonable financial reports with respect to the operations under this contract as are necessary to enable the Commission to carry out its functions under the Act.

APPENDIX C

STATISTICAL REPORTING

A. GENERAL

The Carrier agrees to maintain statistical records and to provide statistical reports, setting forth the items hereinafter mentioned. Statistical reports must provide data separately for: active employees, retired employees, and survivor annuitants.

Data with respect to Item B will be on a 100% sample. With respect to Item C, the size of the sample will be determined by the number of enrollees covered by the plan, as follows: under 5,000 enrollees, 100%; and over 5,000 enrollees, 10% random sample.

Reports will be due within 60 days after the end of the period covered by the reports.

B. EXPOSURE

Data for this Item B will be obtained from the Health Benefits Registration Form.

(1) Number of enrollees by enrollment code number distributed by all applicable precoded items on Health Benefits Registration Forms as follows: (a) marital status, (b) sex, (c) number of family members, (d) salary brackets, (e) age, and (f) state.

Initial report will be submitted as of July 31, 1960 and subsequent reports at the end of each contract period. However, distribution by salary brackets will be applicable to the initial report only.

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- (2) Number of enrollees, by enrollment code number.

This report will be submitted as of the end of each calendar quarter commencing with September 30, 1960.

- (3) Number of conversions to non-group contracts, by type of coverage (single, family).

This report will be submitted annually as of the end of the contract year.

C. UTILIZATION

In addition to the separate reports indicated in Item A (for active employees, retired employees, and survivor annuitants) reports on utilization will be made separately for enrollees and family members and for high and low level options, if the plan has two options.

- (1) Number of services and amount of benefits provided, by sex and by type of service.

- (2) Number of claims paid, aggregate expenses incurred by enrollees and family members; aggregate amount of benefits paid distributed by amount (selected class intervals) of incurred expenses and shown separately for maternity and non-maternity cases, surgical and non-surgical cases.

- (3) Hospitalization: (a) number of admittances, (b) aggregate number of days, (c) amount of benefits provided under this contract and (d) "covered" expenses incurred by patient; by duration of hospital stay; separately for maternity and non-maternity cases, and by sex.

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(4) Surgery: (a) number of procedures, (b) amount of benefits provided under this contract, (c) "covered" expenses incurred by patient; by maximum of 15 selected procedures.

(5) Other benefits: (a) number of services, (b) amount of benefits provided under this contract (c) "covered" expenses incurred by patient; by maximum of 15 selected categories of diseases or diagnoses.

Reports for this Item C will be made annually as of the end of the policy year.

D. INTERIM REPORTING

The Carrier agrees to furnish, upon request of the Commission, such other reasonable statistical reports with respect to the operations under this contract as are necessary to enable the Commission to carry out its functions under this Act.